

Chapter 6: Worksheet mark scheme (18 marks, HL 18 + 15)

- 1 What are the **six** basic parts of a business plan (order not important)? (6)

Alternative wording is acceptable.

- executive summary
- product/service description
- management team details/ CVs
- marketing/sales strategy
- operations details
- financial forecasts

- 2 What is the difference between business objectives and business strategies? (2)

Objectives are the short-term SMART business goals, whereas strategies detail what will be done to achieve these goals.

- 3 A business has the objective to change its product packaging in order to attract more people to buy the product. Having set the objective, what are the stages of formal decision-making that the business would go through in order to decide on the details of the change? (6)

- establish problems of existing packaging
- gather data to prove the supposed problems
- consider options of different packaging to meet requirements
- make a decision using management tools
- plan what needs to be done next to produce the new packaging
- check that the final strategy meets all requirements

- 4 Give **two** examples of internal constraints and **two** examples of external constraints on businesses. (4)

Internal:

- organisational structure
- finance
- labour
- attitude of workers to change

External:

- business cycle changes
- law changes
- competitor changes
- exchange rate fluctuations

- 5 **(HL)** What are the **six** Ms of the fishbone (Ishikawa) diagram? **(5)**
- measurement
 - materials
 - methods
 - manpower
 - machines
 - 'Mother nature' (the environment)
- 6 **(HL)** List **two** advantages and **two** disadvantages of using decision trees. **(6)**
- Advantages:
- forces consideration of all options
 - quantifies data/puts a value on returns
 - encourages logical thinking
- Disadvantages:
- probabilities are often subjective and so calculations may be inaccurate
 - expected values are only mathematical: eventual real values could be at any extreme
 - probabilities based on past data may not apply in the future
- 7 **(HL)** SWOT analysis refers to external and internal factors. These may be subjective rather than objective factors. Which factors are external and which are internal? **(4)**
- External: opportunities, threats
 - Internal: strengths, weaknesses